



**COMMITTEE ON GOVERNANCE, GOVERNMENT RELATIONS  
AND INTERNAL AFFAIRS**

**Pre-Meeting Minutes  
Telephone Conference Call  
Friday, August 16, 2019**

**2:30 p.m.**

**123 Tigert Hall, University of Florida, Gainesville, FL**

**Time Convened: 2:31 p.m.**

**Time Adjourned: 3:11 p.m.**

**Committee and Board members present:**

Rahul Patel (Chair), James W. Heavener, Morteza Hosseini (Board Chair), Leonard H. Johnson, Michael C. Murphy, Jason J. Rosenberg, Ray G. Thomas, Anita G. Zucker

**Others present were:** W. Kent Fuchs, President; Winfred Phillips, Executive Chief of Staff; Amy Hass, Vice President and General Counsel; Mark Kaplan, Vice President for Government and Community Relations and University Secretary, members of the University of Florida Community, and other members of the public and the media.

**1.0 Roll Call**

Board Staff conducted a roll call of all Committee and Board members present.

**2.0 Call to Order and Welcome**

Committee Chair Patel welcomed everyone in attendance and called the meeting to order at 2:31 pm.

**3.0 Discussion Items**

The following Discussion Items were addressed by the Committee:

**3.1 DSO and Affiliate Bylaws Update**

Chair Patel began, as you know the Governance Committee set a goal of having all of our DSOs and Affiliate organizations update their bylaws to memorialize adherence to the Governance Standards by end of the fiscal year (June 30)

As mentioned in our July call, all have done so, with the exception of Shands Gainesville. We have been addressing questions from a couple of their board members this summer and communicated our expectation that their bylaws updated at the next board meeting. The

Shands Board will vote on the bylaw amendments at their September meeting, and we will address any issues that remain with a couple of board members who have pushed back.

We will report back on the Shands Gainesville bylaws once those have been updated and with any outstanding issues related thereto.

After some discussion, Board Chair Hosseini clarified that General Counsel Amy Hass and Committee Chair Patel and members of the Shands Board were satisfied with the language presented to the Shands Board. Board Chair Hosseini recommended that the Shands Board should have a special meeting to approve the updated bylaws prior to the September Retreat.

### **3.2 Naming Policy Update**

Committee Chair Patel stated that Vice President Tom Mitchell has reviewed the draft policy and guidelines with the Foundation Executive Board and the senior development representatives of all colleges and units.

Vice President Mitchell is in the process of drafting possible additional/alternative language based on suggestions made by the full BOT and Advancement Committee.

Vice President Mitchell has updated a working timeline with the above towards having the policy ready for BOT action at the December board meeting.

### **3.3 Legislative Recommendations Memo Update/Updated Governance Standards**

Committee Chair Patel discussed that at our June and July calls, we presented a memo to the BOT that summarizes new requirements from the 2019 Florida legislative session and includes recommendations from the legislature for best practices. (The committee has this lined memo in its packet as 3.3 Legislative Recommendations Memo.)

We also prepared proposed updates to our Governance Standards in June to reflect new requirements and recommendations. We received additional feedback on our updated Governance Standards during our July call. (The committee has this lined document in its packet as 3.3 Governance Standards Updated.)

For the committee's convenience, we have summarized the feedback received on both documents in a Summary Memo. This summary memo is also included in your packet as GGRIA 3.3 Summary of Governance Committee Recommendations.)

We are continuing to work with the BOG as they put together processes and guidance under the new legislation, and we will continue to update the committee and Board as we make progress on that front.

We will ask the Board to consider the proposed updates to our Governance Standards and approve those at our September meeting. Committee Chair Patel asked members to contact General Counsel Hass if they have any questions.

### **3.4 Enterprise Cash/Investment Project Update**

Committee Chair Patel stated that during our July call, we briefed the committee on a half-day meeting we held on June 20<sup>th</sup> with stakeholders from UF and the large DSOs and Affiliates. We attached a memo that outlines the discussion of that meeting and the follow-up items.

We had a second meeting of the working group on July 31, which included our CFO McKee and Provost Glover. We have attached the summary of that meeting with our current and additional follow-up items as GGRIA 3.4.

Our working group will meet again in September as we work through these follow-up items and will report to this committee and the full BOT our recommendations from this review.

### **3.5 Student Affairs Update**

Committee Chair Patel reminded members that we had independent, outside firms conduct both an investigation and then a forensic audit. The investigation has concluded, with a draft report prepared by our outside investigators. As you recall, we also added a forensic audit component to determine the actual costs of the Preview orientation program and any excess revenues that were generated by charges to students and their families over a 3-year lookback. The audit conclusions will be rolled into the report.

The outside auditors have concluded the cost-assessment portion of the audit and determined that approximately 1.4M in excess revenue was generated over 3 years from charges to students and families for Preview (i.e., we overcharged 1.4 M over a 3-year period).

The auditors are finalizing their work to determine whether any of the excess revenue has been spent and, if so, to determine that the excess was spent on student programs and not on other items. The preliminary findings of this last part of the audit are that the 1.4M still exists in the account, and we would recommend that money be earmarked to ensure it is spent on new student programming.

Executive Chief of Staff and Interim Vice President of Student Affairs Phillips has been working closely with his staff in Student Affairs, Controller Alan West's office and General Counsel Hass to ensure all issues related to these programs have been corrected.

### **3.6 IFAS Citrus DSO Update**

Committee Chair Patel reminded members that we discussed our progress with the Citrus DSO during our July call. As you recall, the Citrus DSO committed to compliance with our governance standards and we have since drafted an MOU to work through some of the other key issues as we look for a potential legislative clarification in the next year.

We recently received confirmation from the DSO that they will continue to pay the same indirect cost overhead rate to UF for facilities and administration use. (The committee has an updated bullet-point summary of the draft MOU in its packet as 3.6 MOU Bullet Points CRDF.)

General Counsel Hass will meet again with the Citrus DSO board of directors on August 27<sup>th</sup>, where they will formally agree to the governance through adoption of the MOU and amended bylaws.

Going forward, CRDF will submit its research contracts to the UF Office of the Vice President of Research for review and approval. This review will be for the purpose of proper oversight and ensuring that the research agreements comply with University accounting standards, deliverables, etc., but shall not be for the purpose of substituting UF judgment of scientific merit in place of CRDF's scientific advisory board. CRDF will continue to award research primarily to UF.

### **3.7 Cattle and Seed DSOs**

Committee Chair Patel stated that University Controller Alan West has been engaging in a review of the operations and accounting of these DSOs. That is not yet complete, and we will update the Governance Committee once we have recommendations to share on these DSOs.

At this time, we believe the accounting and operations to be in order with the Cattle DSO, but awaiting final information from Controller West.

### **3.8 Conflicts of Interest/Outside Activities**

Committee Chair Patel stated that UF leadership (Provost Glover, VP of Research Norton, General Counsel Hass, Vice President of Human Resources Gentry and Chief Compliance Officer Elizabeth Rusczyk) has been working toward the complete overhaul and launch of a new conflicts of interest and outside activities disclosure system on Sept 1.

This new system, coupled with revised policies and regulations, that we plan to bring to the Board in December for approval, provides for more clarity and accountability in outside activities disclosures.

We have shared with each board member our current communications and coordination with federal agencies and legislators as we navigate impending changes to federal laws and regulations in this space of foreign influence and concerns for misappropriation of research dollars and intellectual property.

Our director of conflicts and director of global research compliance will do a 30-minute presentation at the upcoming BOT retreat on these new processes and practices.

### **3.9 Review of Enterprise Compliance (Organizational Structure and Reporting)**

Committee Chair Patel reminded members that during our July call, the Governance Committee discussed and added this topic to our working list. UF administration has begun information gathering on the enterprise compliance function and is preparing to schedule working group meetings in the same manner in which we have structured our Enterprise Cash/Investment Project group.

This process will include an assessment of the current organizational structure and reporting of the compliance function, roles of staff in that function, and the group will recommend to the

board any proposed changes to the structure and reporting to more effectively, efficiently and strategically manage compliance on an enterprise level, in the spirit of One UF.

### **3.10 Legislative Budget Request Approvals**

Vice President Kaplan stated that the Board of Governors (BOG) is implementing a new process this year that would have each Board of Trustees approve the operating Legislative Budget Requests (LBR) that the university submits to the BOG.

Unfortunately, our meeting schedule at UF was out of sync with the BOG's due date at the end of July, so our administration submitted requests after consultation with our board leadership. The administration will amend those requests as necessary, after our September 6 board meeting.

This process only contemplates the operating LBRs and not the capital requests for things like the Data Sciences Building. Those go through a separate PECO process.

You have in your packets a one-page summary sheet and then 7 individual LBRs – 3 for the university and 4 for IFAS.

The three UF requests include:

- \$50 million recurring to help us become a top 5 public university,
- \$3.8 million recurring to create a new Center for the Application of Artificial Intelligence, and
- \$1 million non-recurring to implement our iCoast initiative to drive a new level of monitoring and understanding of environmental conditions on Florida's coasts.

The IFAS requests are:

- \$3.9 million recurring for formula-driven workload increases,
- \$920,000 non-recurring to demonstrate a reduction of impacts from the urban sector on Florida's environment through a variety of activities on residential yards,
- \$1.6 million non-recurring for the Florida 4-H Environmental Education Program for youth in grades K-12, and
- \$1.7 million non-recurring to provide science-based guidance and assistance for implementation of the most effective harmful algal blooms mitigation strategies.

### **3.11 Board Self-Evaluation**

Vice President Kaplan continued, we have been working with the board staff and general counsel to develop a new instrument for us to survey the effectiveness of our board. We have collected questions from a variety of sources, including other universities, the Board of Governors, and the Association of Governing Boards.

In addition to being a generally good business practice, our accrediting organization wants to see this sort of review completed during 2019.

We have a few more tweaks to a draft survey and expect to get something in your hands before our retreat. Our plan is to ask for your comments and then approve the document during our September 6 meeting so that we can get results back by around the end of September.

We expect to have some follow up discussions in subsequent meetings on major learnings from the survey.

#### **4.0 New Business**

Board Chair Hosseini is grateful for the excellent work done by this committee and stressed the importance of the Enterprise Compliance project.

#### **5.0 Adjourn**

There being no further discussion, Committee Chair Patel adjourned at the meeting at 3:11 p.m.